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THE ECONOMIC DEVELOPMENT PLAN OF THE COMMONWEALTH OF MASSACHUSETTS
PHASE II: EXPANSION

FOREIGN AND NATIONAL INVESTMENT IN MASSACHUSETTS
CONTINUED IN-STATE EXPANSION OF MASSACHUSETTS INDUSTRY
EXPORT-IMPORT

MICHAEL S. DUKAKIS, GOVERNOR

AUTUMN, 1977

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MASSACHUSETTS EXECUTIVE OFFICE OF ECONOMIC AFFAIRS

INTRODUCTION

The initial focus of the Dukakis administration was to secure a sound economy within the state of Massachusetts by instituting long overdue reforms in the fiscal structure of state government. This was recognized as a prerequisite to any revitalization of the business sector. In 1975, the business climate was sluggish and businessmen were wary of the ability of state government to restore fiscal responsibility to its operations, and be of real assistance in developing a program which would aid business in a material way.

This was a period of restoring the confidence of the business community in the ability of government to perform, and was the critical precursor to any economic stimulation of home based industry to expand and create new job opportunities.

The plan was set forth early by the administration:

"State government must better manage its own activities and functions if an attractive climate for investment and expansion is to be provided."[1]

The goal followed:

"...state government can create a climate in which there is a reasonable degree of confidence on the part of the private sector and the public-at-large in the fiscal stability and administrative capacity of state government."[2]

social

These criteria formed the basis of the economic development plan which guided the state in revitalizing the Massachusetts economy and regaining the confidence of the business community.

Without the success of this initial goal, economic indicators pointed to a continued exodus of companies and potential business investments from Massachusetts, increasing unemployment and placing an increasingly heavy dependence upon welfare at the taxpayers' expense.

The state faced its fiscal situation squarely, balanced the budget and pared appropriations, while at the same time securing needed new revenues to support those services deemed indispensable by state government managers.

A stable and sound economic base was substituted for the erratic structure of the past, and this stability gave business the security it required to plan for growth and expansion in Massachusetts.

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[1] Michael S. Dukakis, Governor, An Economic Development Program for Massachusetts, State Publication #10M-9-76-129053, Boston, August 1976, p. 6.

[2] Ibid.

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The results of this dramatic turnabout in the state's business sector and the methodology which brought it about are worth reviewing before discussing the next phase of economic development, which includes foreign investments in Massachusetts, investments from the other 49 states, and an expanded export program. It should be noted here that Phase I of An Economic Development Program for Massachusetts - the continued state government emphasis on aiding Massachusetts firms to expand and create jobs in the Commonwealth - will continue to remain the first priority of the Administration's economic development policy.

PHASE I

During the first six months of 1977, Massachusetts industries expanded on the average of 23 per month, up from 17 per month in 1976 and only 6 per month in 1975.

Of the 48,000 new jobs created during the first six months of 1977--fully 10 percent (4,800 jobs) are directly attributable to almost five million square feet of extra working space added during this period. Statistics on plant expansions and relocations are tracked by the Department of Commerce and Development through records of real estate transactions.

Phase I of the economic development program, the stimulation of home based firms to expand their business activities within the state, had succeeded.

In retrospect, the following initiatives taken by state government led to the success of Phase I of the economic development program.

*Sound fiscal management of state government, and reforms necessary to establish a balanced budget and a sounder state economy.

*Personal commitment of both the Governor and Lt. Governor to the economic development program, and their ambassadorial role with business leaders and company presidents on a national level and within the state of Massachusetts.

*The creation of a Development Cabinet and Office of State Planning to coordinate staff initiatives and to develop a forum readily accessible to the business communities throughout the state.

getting all groups gov together

- Focus placed on the revitalization of the entire economy.
  - Urban revitalization ("Cities Still Make Sense"). The effort to channel business back to the core business and industrial areas to restore the tax base and take advantage of urban services already in place, countering the suburban, fringe area build-ups draining the cities vitality.
  - Balancing environmental and economic concerns.
  - Bringing cities and towns into the decision-making process via the Executive Office of Communities and Development.
  - Dealing with energy problems.
    - # Conservation and alternative sources of energy.
    - # Creation of an Energy Facilities Siting Council.
    - # MMWEC (turbines from General Electric).

  - # Creation of jobs through environmental initiatives (sewage treatment plant construction).

- Transportation.

  - # Focus of resources.

  - # Increased Mass. Transit.

  - # Access roads (Digital access in Hudson which led directly to plant expansion).

- Business person in Cabinet as Secretary of Economic Affairs--giving business concerns a voice at the highest council of state government.

- Commerce and Development Department's Business Contact Program.

  - # More than 11,000 firms, employing more than 65 percent of the state's total work force, contacted directly on a regular basis to track progress, problems of individual companies and offer assistance.

- Development conferences, held regularly throughout the state.

- Other initiatives.

  - # Department of Labor and Industries program of courtesy OSHA inspections for plants desiring assistance in meeting federal regulations without penalty.

  - # Effective concilitation and arbitration services developed by state government.

  - # Manpower training programs to provide skilled workers for industry needs.

  - # Tightening of unemployment compensation laws.

  - # Use of Bureau of Outdoor Recreation funds to restore city park systems.

PHASE II

The successful implementation of Phase I, expanding the Massachusetts home industry base, and the dramatic change in the state's economic climate which has resulted in an increase of 200,000 jobs since 1975 leads to new initiatives outlined under Phase II of the economic development program.

While emphasis will continue to be placed on the vitality of home industry within the state through the Business Contact Program and continued implementation of the Phase I program outlined in the preceding section, the state will make a major effort to attract businesses outside the state to locate within the borders of Massachusetts.

This report will deal primarily with the foreign reverse investment aspect of Phase II, which is essentially a new venture, and with increasing efforts to attract national firms to locate in the Commonwealth.

The following outline represents the state's strategy for Phase II on the economic development program.

- Encouragement of national firms to expand or relocate in Massachusetts.
    - Build on the success stories of out-of-state or national corporations which presently are located in Massachusetts.
    - Convince corporate decision-makers of the advantages of expanding more of their operations here in Massachusetts.
    - Dissemination of information on available plant sites, industrial parks, labor pool.
    - Advisories on state's economic recovery during the last two and a half years.
    - Selective advertising to prime target firms. Direct contact and ambassadorial missions.
        - # Enlisting assistance of bankers, shippers, suppliers, accountants, attorneys and other professional people whose interests are served by an expanded state economic base.
        - # Commerce and Development's Office of New Business Development to provide credentials, access and materials to private business ambassadors.
- Foreign Reverse Investments.
    - Base for expanded investments.

  - Logan and other airports.
  - Industrial parks.
  - Land bank.
  - Foreign trade zones (Boston Harbor, New Bedford).
  - Transportation network (highways, rail, mass transit).
  - Massachusetts--center of one of world's largest market and industrial areas.
  - Boston--most European city in the United States.
  - Venture capital center.
  - Proximity to Europe, Canada.
  - Cultural, recreational, educational advantages.
  - Health care.
  - Advanced technology center.
  - Excellent labor force.
  - Improved business climate.
  - Competitive advantage in relation to the Northeast, Midwestern and Mid-Atlantic states.
  - Incentives and new financing program.
  - Legislative cooperation and interest in economic development programs.
  - Strong and effective Massachusetts congressional delegation.
  - Public support of business growth and needs (Referenda attached, Appendix I).
  - Economic factors point to investment in U.S.--Massachusetts.

- Coordination of state agencies and cooperation with municipalities.
  - Real estate computer system to aid siting requirements.
  - Development Cabinet (swift, coordinated response from highest levels of government).

  - Office of Lt. Governor. Coordinates federal-state relations. Oversees state role with New England Regional Commission/World Trade Center, U.S. Department of Commerce, EDA, SBA etc. Also, U.S. State Department, Congress, business ambassadorial role.
  - Massport. Small business export program, shipping information, overseas offices, accomodations for visiting foreign dignitaries, expeditious processing, translation, contacts overseas, assistance in developing overseas leads, trade fair information--an integral part of state's economic development team.
  - Commerce and Development. Office of New Business Development to handle follow through on foreign business leads.
  - Manpower Development. Training of skilled labor force.
  - Division of Employment Security. Placement.
  - Department of Labor and Industries. OSHA consultant force.
  - Local Government Advisory Committee. Involve cities and towns in program.
  - Commerce and Development Advisory Council. Involve chambers of commerce, industrial development commissions in program.
  - Technology exchange program of Massachusetts Science and Technology Foundation.
  - Financial Agencies. SIFB, CDFC, MIMIA [MIFA and TDC, MCIDA presently before the Legislature for approval].
  - Other Agencies. Environmental Affairs, Consumer Affairs, Transportation coordination with program.

- Coordinated federal agencies.
  - New England Regional Commission.
  - U.S. Department of Commerce. Information, leads, seminars, overseas assistance, financing via EDA.

- Private sector.
  - Foreign company base. Coordinate activities with approximately 100 foreign companies now doing business in Massachusetts and encourage expansion.

        - # First National Bank of Boston with extensive overseas involvement.

        - # Foreign Bank Base. Banks of Israel, Greece and Nova Scotia locating in Massachusetts. Barclays Bank International LTD. already here. Use as incentive for similar investment by other countries.

        - # Professional advisory/ambassadorial people (lawyers, accountants, consultants, bankers, realtors, industrialists, university faculty, distributors, suppliers, representatives of the tourism-convention industries and business organizations).

    - Legislative and labor involvement.

- Developing improved capacity.

    - Advertising. Greatest market impact with limited resources. Promotional packets, wider distribution of movie, "A Special Place."

    - Create response capability to specialized problems of foreign companies.

    - Language. Develop roster of individuals who can speak and write to foreign investors in their language.

    - Joint venture leads.

    - Develop Commerce and Development assistance to Massport's export program.

    - Case studies of foreign firms located in Massachusetts as incentive for investment.

    - Contact with key foreign organizations.

    - Coordination of Governor and Lt. Governor role in encouragement of foreign reverse investment. (visits, forums, trade missions, deal closings).

        - # Attendance at trade fairs.

        - # Publicity of ongoing efforts.

        - # Accompany trade missions.

        - # Sponsorship of significant events.

        - # Trade and investment fairs.

        - # Expositions.

# Conferences.

# Tours.

Referenda

				Percentage
Question 1	**Equal Rights**	YES	☑	60%
		NO	☐	40%
Question 2	**Graduated Tax**	YES	☐	27%
		NO	☑	73%
Question 3	**Absentee Votes**	YES	☑	55%
		NO	☐	45%
Question 4	**Mass. Power Auth.**	YES	☐	15%
		NO	☑	85%
Question 5	**Ban Priv. Handguns**	YES	☐	31%
		NO	☑	69%
Question 6	**Bottle/Can Returns**	YES	☐	50%
		NO	☑	50%
Question 7	**Uniform Elect. Rates**	YES	☐	25%
		NO	☑	75%
Question 8	**Oil Refinery & Port**	YES	☑	65%
		NO	☐	35%
Question 9	**Sunday Closing Laws**	YES	☑	55%
		NO	☐	45%